



School Aid Formula Funding: Returning Dropout/Dropout Prevention Programs

School districts may request modified allowable growth to supplement funding for programs for potential or returning dropouts. School districts must submit a comprehensive program plan including budget costs and the modified allowable growth request to the Department of Education. In general, the modified allowable growth amount must fund 75.0% of the programs and the remaining 25.0% must be provided from the school district's budget (not including funds from other sources used for that purpose). The district can request modified allowable growth for the programs not to exceed 5.0% of the district's regular program cost. If approved, the Department of Education will notify the Department of Management and the school Budget Review Committee by February 15 each year. When the Department of Management certifies the school district budget in April each year, the modified allowable growth amount for each district that was approved is included in the school district's budget for the following fiscal year. The modified allowable growth amount granted to provide funding for the dropout programs is funded through local property taxes and is included as part of a school district's additional levy.

Program funding is specifically designated to assist students that are returning dropouts or potential dropouts. As defined in Iowa Code section [257.39](#):

- "Returning dropouts are resident pupils who have been enrolled in a public or nonpublic school in any of grades seven through twelve who withdrew from school for a reason other than transfer to another school or school district and who subsequently enrolled in a public school in the district."
- "Potential dropouts are resident pupils who are enrolled in a public or nonpublic school who demonstrate poor school adjustment as indicated by two or more of the following:
 - High rate of absenteeism, truancy, or frequent tardiness.
 - Limited or no extracurricular participation or lack of identification with school, including but not limited to, expressed feelings of not belonging.
 - Poor grades, including but not limited to, failing in one or more school subjects or grade levels.
 - Low achievement scores in reading or mathematics that reflect achievement at two years or more below grade level.
 - Children in grades kindergarten through three that meet the definition of at-risk children adopted by the department of education."

Funding for Returning Dropout and Dropout Prevention Programs

Figure 1 includes the amount of modified allowable growth funding for returning dropouts and dropout prevention programs from FY 2001 through FY 2012 and the percentage of districts that requested modified allowable growth for the programs. Both the funding amount and the percentage of districts that submitted requests increased every year until FY 2012. In FY 2001, 57.8% of the districts received modified allowable growth for the programs totaling \$40.5 million. The percentage of districts and total amount grew to 93.3% and \$108.5 million respectively in FY 2011. The amount decreased in FY 2012 to \$103.6 million. Factors for the reduction include:

- A lower number and percentage of districts participating in FY 2012.
- A 0.0% allowable growth rate combined with a decrease in budget enrollments for many school districts. This situation reduced the amount of modified allowable growth many school districts could request when compared to FY 2011.

More Information

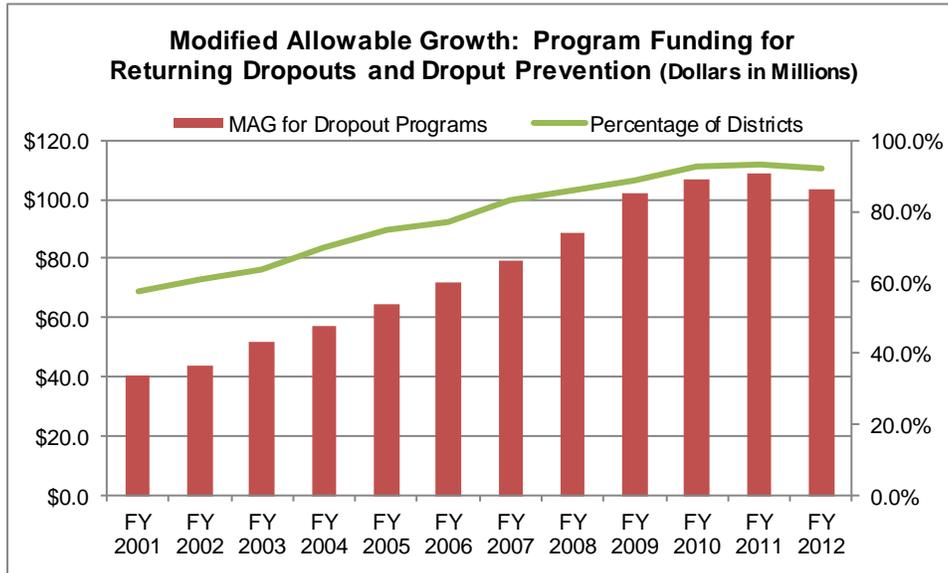
[Department of Education – Dropout Prevention Information](#)

[Legislative Services Agency: Dropout Prevention MAG Amounts by District](#)

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Figure 1



Property Tax Effort to Fund Programs

Table 1 provides information on Program funding, comparisons to the regular program amount, and the property tax rate required to fund the modified allowable growth by per pupil valuation quartile and provides a simple analysis of property tax equity between districts. The property tax rate effort required for property poor districts (districts in the Q1 grouping) is significantly higher both in actual and maximum capacity than districts in the other quartiles. Despite the property tax burden on the districts in the first quartile (Q1), these districts assume a larger percentage of the regular program compared to the districts in the second and third quartiles (2Q and 3Q), despite the fact that there is a larger percentage of districts with modified allowable growth funding for Dropout and Dropout Prevention Programs. Additionally, data from **Table 1** indicate that there is approximately \$36.2 million in remaining in modified allowable growth program funding capacity. This is equivalent to a statewide property tax rate of \$0.2770/\$1,000 of taxable valuation.

Table 1

FY 2012 Dropout Prevention Program Modified Allowable Growth Amounts by Per Pupil Valuation Quartile: Actual vs. Capacity											
	Per Pupil Valuation	Percentage of Districts with MAG Funding	Dropout Prevention Program - Actual			Dropout Prevention Program - Maximum Capacity			Maximum Capacity vs. Actual		
			Amounts			Amounts			Percentage		
			Amount	Percentage to Regular Program	Property Tax Rate	Amount	Percentage to Regular Program	Property Tax Rate	Amount	Percentage to Regular Program	Property Tax Rate
Q1 - Lowest	\$ 203,802	90.9%	\$ 45,301,255	3.8%	\$ 1.1039	\$ 59,429,675	5.0%	\$ 1.4482	\$ 14,128,420	1.2%	\$ 0.3443
Q2	269,729	92.0%	27,083,863	3.5%	0.7651	38,715,951	5.0%	1.0938	11,632,088	1.5%	0.3286
Q3	334,564	94.3%	18,866,145	3.6%	0.6376	26,139,789	5.0%	0.8834	7,273,644	1.4%	0.2458
Q4 - Highest	470,583	89.7%	12,368,707	4.0%	0.5011	15,545,023	5.0%	0.6298	3,176,316	1.0%	0.1287
State Average	\$ 276,053	91.7%	\$103,619,970	3.7%	\$ 0.7928	\$139,830,438	5.0%	\$ 1.0698	\$36,210,468	1.3%	\$ 0.2770